

Larry E. Craig, Chairman  
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No. 59

May 18, 2000

## **S. 2536 – Agriculture, Rural Development, FDA, and Related Agencies Appropriations Bill, FY 2001**

Calendar No. 540

Reported as an original bill from the Senate Appropriations Committee on May 10, 2000, by a vote of 28-0. S. Rept. 106-288.

### NOTEWORTHY

- S. 2536 provides \$75.35 billion in new budget authority for agriculture, rural development, and nutrition programs for FY 2001. This is \$1.5 billion less than the President's budget request and \$295.2 million less than FY 2000, excluding emergency funds. [See attached FY 2001 chart.]
- Of this total, \$14.85 billion is discretionary spending (about \$200 million below FY 2000 and about \$667 million below the budget request), and \$60.85 billion is mandatory spending, including food stamps (\$21.2 billion), child nutrition (\$9.5 billion), payments to the Federal Crop Insurance (1.7 billion), and Commodity Credit Corporation (\$27.8 billion).
- Nearly half (47 percent) of the FY 2001 spending (\$35.2 billion) is devoted to domestic food assistance: food stamps, child nutrition, WIC nutrition program, commodity, and other food assistance programs.
- Funding for programs under the President's Food Safety Initiative (under the jurisdiction of both the Department of Agriculture and the Food and Drug Administration) is increased by \$53 million from the FY 2000 level, for a total amount of \$377 million.
- This bill also contains a net amount of \$2.16 billion in FY 2000 supplemental spending, mostly for disaster relief and non-defense emergencies, some of which accommodates the President's supplemental request. Of this total, \$1.27 billion is for farm emergency relief and other urgent USDA needs. [See attached chart highlighting FY 2000 spending items.]
- During markup the Committee approved by voice vote a bipartisan amendment offered by Senators Dorgan and Gorton (Food and Medicine for the World Act, sponsored by Senator Ashcroft) lifting unilateral sanctions of food and medicine to a number of currently sanctioned countries (including Cuba), unless Congress and the President agreed to reimpose them. Similar language was included in the Committee-reported House FY 2001 Agriculture Appropriations bill, H.R. 4461, which the House may take up on May 19.

## HIGHLIGHTS

### Appropriations Breakdown by Title (in millions)

Appropriation Account	FY 2000* Level	FY 2001 As Reported
Title I — Agricultural Programs	\$ 35,436.3	\$ 34,506.9
Title II — Conservation Programs	804.2	867.6
Title III — Rural Econ./Community Devlpmt.	2,187.5	2,502.3
Title IV — Domestic Food Programs	35,044.1	35,213.6
Title V — Foreign Asst. Programs	1,055.7	1,090.6
Title VI — Related Agencies and FDA (plus payments, CFTC, & FCA)	1,112.0	1,166.0
Title VII — General Provisions	2.3	0.0
<b>TOTAL, new budget (obligational) authority</b>	<b>\$75,642.0</b>	<b>\$75,346.8</b>

\*Includes rescissions pursuant to Public Law 106-113 and excludes emergency appropriations.  
(See detailed breakdown on attached chart at the end of this Notice.)

### Highlights from Title I, Agricultural Programs

- The bill provides \$828 million for Farm Service Agency salaries and expenses, an increase of \$33.9 million over last year. This is the same amount requested by the President.
- The bill provides \$3.1 billion in authorized loan levels for agricultural credit programs for farmers, the same as last year's level.
- Funding for the Food Safety and Inspection Service is \$678 million, an increase of \$29 million from last year.
- Agricultural research, education and extension activities total \$1.4 billion. This includes an increase of \$3.8 million from FY 2000 for ARS buildings and facilities, an increase of \$41.2 million for research activities for ARS, and a \$19.2 million increase in total funding for the Cooperative State Research, Education, and Extension Service. The Agricultural Research Service is provided \$927.9 million, and activities of the Cooperative State Research, Education, and Extension Service are funded at a level of \$964.8 million.
- The Committee provides \$27.8 billion in mandatory payments required to reimburse the Commodity Credit Corporation (CCC). Last year, CCC was provided \$30 billion.

## **Highlights of Title II, Conservation Programs**

- The bill provides a total funding level of \$867.6 million for the various conservation programs of USDA. This is an increase of \$63.4 million from the FY 2000 level. Funding of \$714 million is provided for the conservation operations account of the Natural Resources Conservation Service. This is \$53.3 million above last year's funding level.

## **Highlights of Title III, Rural Development**

- Rural housing loan authorizations are \$4.564 billion. This is \$25 million below the FY 2000 level and \$821 million below the level requested by the President.
- Funding for rural rental assistance is increased \$40 million over last year to \$680 million, which is the same as the President's request.
- Funding for the Rural Community Advancement Program, which includes funds for water and waste disposal loans and grants, solid waste management grants, community facility loans and grants, and rural business enterprise grants, is increased to \$749.3 million. This is \$55.7 million above the FY 2000 level.

## **Highlights of Title IV, Domestic Food Programs**

- The bill provides \$9.54 billion for the child nutrition programs. This includes \$6 million to complete funding for the pilot program evaluation to provide free school breakfasts to all children, regardless of income in six school districts around the nation.
- Funding for the Food Stamp program is \$21.2 billion. It assumes the same reserve as FY 2000, and full funding for the emergency food assistance program.
- The Special Supplemental Feeding Program for Women, Infants, and Children (WIC) is funded at \$4.052 billion. This is an increase of \$20 million from last year's level and will accommodate anticipated growth in monthly participation from 7.2 million for FY 2000 to 7.35 million for FY 2001.

## **Highlights of Title V, Foreign Assistance Programs**

- Funding for the Foreign Agricultural Service is \$117.7 million, \$4.24 million above the FY 2000 level.
- Public Law 480 programs are funded at the following program levels: Title I — \$159.7 million (an increase of \$14.4 million over current level); and Title II — \$837 million (an increase of \$37 million).

## **Highlights of Title VI, FDA and Related Agencies**

- Funding for salaries and expenses of the Food and Drug Administration (FDA) is \$1.1 billion, which is \$33.7 million above last year's amount. Included in this amount is a \$24 million increase for FDA food safety activities and an increase of \$25 million for premarket application review. Also included is \$31.4 million for FDA buildings and facilities, including \$20 million for Phase 1 of the Los Angeles laboratory.
- Funding for the Commodity Futures Trading Commission is set at \$67 million, \$4.1 million more than the 2000 level.

## **Highlights of Title VII, General Provisions**

- The bill maintains mandatory program limitations equal to or less than those adopted in previous years. It defers for one year FY 2001 funding for the Initiative Future Agricultural Research and the Fund for Rural America. Also, it continues the FY 2000 limitations on funding for the Environmental Quality Incentives Program (EQIP) and the Conservation Farm Option programs.

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## **BILL PROVISIONS**

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### **Title I —Agricultural Programs**

**Total Funding:** Title I appropriates a total of \$34.51 in mandatory and discretionary funding for various agricultural programs. Of this total, \$27.8 billion goes to the Commodity Credit Corporation and \$1.7 billion goes to the Federal Crop Insurance Corporation fund. The remainder funds the agricultural research, executive operations, agricultural marketing services, cooperative state research, extension service, animal and plant health inspection, food safety and inspection, and farm assistance programs.

- **Commodity Credit Corporation (CCC):** Funds CCC at an amount not to exceed \$27.771 billion for net realized losses incurred from the commodity price and farm income support activities. This is a decrease of \$2.3 billion from last year, but the same as the budget request. Since low commodity prices and global hunger will likely continue, the Committee urges USDA to purchase no less than 4 million tons of surplus commodities in FY 2001 for donation as international food aid. The Conservation Reserve Program (CRP) continues through FY 2002, with up to 36.4 million acres enrolled at any one time. The Wetlands Reserve Program is authorized through FY 2002, not to exceed 975,000 acres in total enrollment. The cost-share assistance program, EQIP (established to assist crop and livestock producers in dealing with environmental and conservation improvements on the farm), is funded at \$174 million for FY 2001.
- **Federal Crop Insurance Corporation Fund:** Recommends an appropriation of such sums as necessary, estimated to be \$1.73 billion. This is the same as the budget request, and \$1.02

billion more than last year for this program, which was designed to replace the combination of crop insurance and ad hoc disaster payments with a strengthened crop insurance program.

- **Food Safety and Inspection Service (FSIS):** The bill provides \$678 million in direct appropriations, which is \$28.9 million more than the 2000 level and \$10.2 million less than the budget request. The amount provided assumes savings proposed in the budget of \$4 million upon implementation of daily, unscheduled processing inspection. The committee also provides an additional \$7.3 million for the FSIS portion of the President's food safety initiative.

## **Title II — Conservation Programs**

- **Conservation Programs:** The bill increases funding to \$866.9 million for the Natural Resources Conservation Service (\$63.4 million above FY 2000 and \$10.4 million less than the request), including \$714 million for operations, \$10.7 million for watershed surveys and planning, and \$99.4 million for watershed and flood development

## **Title III — Rural Economic and Community Development Programs**

- **Rural Development Programs:** The bill provides \$749.3 million, an increase of \$55.6 million over the budget request and \$13.3 million below last year, for the Rural Community Advancement Program (RCAP), which was created in the 1996 Farm Bill, to make water and sewer loans that are essential to rural communities throughout the nation. RCAP is made up of: direct and guaranteed water and waste disposal loans; water and waste disposal grants; emergency community water assistance grants; solid waste management grants; direct and guaranteed business and industry loans; rural business enterprise grants; and community facility loans and grants. The Committee includes bill language to make up to \$20 million for the development of safe water systems for rural and native villages in Alaska and \$20 million for water and waste disposal systems for the so-called colonias along the U.S.-Mexico border.
- **Rural Housing and Community Development Service Programs:** The Rural Housing Service (RHS) was established in 1995. Its programs were previously administered by the Farmers Home Administration and the Rural Development Administration. The bill provides a total of \$4.6 billion for loan authorizations, including \$4.3 billion for single-family (section 502) direct and guaranteed loans; and \$114 million for section 515 rental housing loans. It also includes \$680 million for rental assistance (\$40 million over last year and the same as the budget request).
- **Rural Business-Cooperative Service Programs (RBCS):** RBCS was created in 1995. The Committee recommends \$33 million for the Rural Business-Cooperative Service. A total loan level of \$38.3 million is recommended for rural development loans. The total loan level for RBCS is \$53.3 million.
- **Rural Utilities Service (RUS):** The RUS was established under the Department of Agriculture Reorganization Act of 1994 to administer the electric and telecommunications programs of the former Rural Electrification Administration and the water and waste programs of the former Rural Development Administration. The bill provides a total loan authorization level of \$3.1 billion for electric and telecommunications loans, which is \$1.1

billion above the budget request and \$500 million more than last year. Also, the bill provides \$27 million for the distance learning and medical link loan and grant program, an increase of \$6 million above last year.

#### **Title IV — Domestic Food Programs**

- **Food Stamp Program:** Appropriates a total of \$21.2 billion, \$149.5 million more than FY 2000 and \$910.7 million less than the budget request. Of the amount provided, \$100 million is available as a contingency reserve, which is the same as last year and \$900 million less than the budget request.
- **Women, Infants and Children (WIC) Feeding Program:** Recommends an appropriation of \$4.05 billion for WIC, which is \$20 million above last year's level and \$96.1 million less than the budget request.
- **Child Nutrition Programs:** To improve the health and well-being of the nation's children, the child nutrition programs include school breakfast and lunch programs, child and adult care food programs, summer food services, and nutrition education and training programs. In addition, the special milk program provides funding for milk service in schools, nonprofit child care centers, and camps which have no other federally assisted food programs. For these programs, the Committee provides an appropriation of \$4.4 billion, plus a transfer from section 32 of \$5.1 billion, for a total program level of \$9.5 billion, which is \$4.5 million less than the budget request and \$12.5 million less than last year. It includes \$6 million to complete funding for the school breakfast demonstration project.

#### **Title V — Foreign Assistance and Related Programs**

- **Foreign Agricultural Service:** The Committee provides \$117.7 million, slightly less than the budget request and \$4.2 million more than last year. Included is \$3.2 billion for mandatory pay increases.
- **Public Law 480 (Food for Peace):** A total program level of \$996.7 million is recommended for the three main programs under P.L. 480, which serve as the primary means for the U.S. provision of food assistance overseas. This level is \$51.4 million above last year, and same as the request. The bulk of the funds (\$837 million) is for grants under Title II for food aid for humanitarian relief through private voluntary organizations or through multilateral organizations like the World Food Program.

#### **Title VI — FDA and Related Agencies**

- **Food and Drug Administration (FDA):** The bill provides for a total level of \$1.1 billion for the FDA. The direct appropriation for salaries and expenses is \$1.07 billion. An additional \$149 million from the Prescription Drug User Fee Act user fees and \$15 million from mammography clinics user fees are authorized for salaries and expenses, for a total of \$1.2 billion for salaries and expenses.

**Food Safety:** The Committee includes a \$24 million increase for FDA food safety initiatives, of which \$16.6 million is allocated for the foods program, \$6.5 million for animal drugs, and \$1 million for the National Center for Toxicological Research.

**Egg Safety:** The Committee includes report language regarding regulations to implement the Administration's Action Plan to Eliminate *Salmonella enteritidis* Illnesses Due to Eggs, published on December 10, 1999. The bill does not earmark funds but gives the Secretary discretion to fund this program.

**Premarket Review:** An increase of \$25 million is provided for premarket review. FDA is to use these funds to strengthen its science base with a focus on efficiencies in its premarket review program. Included in this increase is \$2.2 million to better analyze the nation's blood supply; \$1 million to analyze any risks associated with emerging biotech foods; and \$1.2 million to expedite review of generic drugs.

**Tobacco:** The Committee redirects \$34 million from the FDA's tobacco program, in light of the recent Supreme Court decision, to provide an increase for FDA salaries and expenses, which totals \$67.7 million for FY 2001.

- **Commodity Futures Trading Commission:** Appropriates \$67.1 million, which is \$4.1 million above last year and \$4.9 million less than requested.
- **Farm Credit Administration:** Recommends a limitation on administrative expenses of \$36.8 million.

## **Title VII — General Provisions**

- The bill maintains mandatory program limitations equal to or less than those added in previous years. It defers for one year FY 2001 funding for the Initiative for Future Agricultural Research and the Fund for Rural America; and continues the FY 2000 limitations on funding for the Environmental Quality Incentives Program (EQIP) and the Conservation Farm Option programs.

## **DIVISION B — Supplemental Appropriations For FY 2000**

- The Senate Committee added a net total \$2.16 billion disaster-relief and non-defense emergencies package to accommodate the President's FY 2000 supplemental request. This package also provides \$294 million in rescissions and \$362 million in offsets.
- Of this funding, \$1.27 billion is for agriculture disaster relief to help livestock, dairy, and cotton farmers, as compared to the President's request of \$123.5 million, and the House-passed supplemental amount of \$399.2 million. [See Supplemental Appropriations chart for details.]
- Other supplemental spending includes \$600 million for the low income energy assistance program (LIHEAP); \$150.3 million for the Department of Interior, of which \$117.2 million is for the Bureau of Land Management; \$93.8 million for the Bureau of Alcohol, Tobacco and Firearms (BATF); and \$49.5 million for the Corps of Engineers.

- **Tobacco Lawsuit:** The Committee would repeal a provision in the FY 1995 Commerce-Justice-State appropriations bill (P.L. 103-317, Sec. 109) that allows the Department of Justice to draw funds from governmental agencies represented in the action. This repeal effectively would bar the Department of Justice from taking money from other federal agencies to help in its lawsuit against the tobacco industry to recover the government's costs of treating smoking-related illnesses [See sections 2803 and 2804 of the bill.] [Note that during committee markup, Senator Hollings offered a motion to strike the language which failed 11-14 along party lines.]

## **DIVISION B, Title IV: Food and Medicine for the World Act**

**Note:** This amendment was offered by Senators Dorgan and Gorton during the full Appropriations Committee markup, and was accepted by voice vote. Its content is essentially identical to a provision, titled, "Trade Sanctions Reform and Export Enhancement," which was reported by the Foreign Relations Committee on March 23, 2000, as part of the Foreign Relations reauthorization bill. The objective of the bill is to exclude most agricultural products and medicine from U.S. sanctions regimes. The President may not sanction food and medicine unless he receives congressional consent under an expedited procedure. A similar amendment, offered by Senator Ashcroft, passed the Senate last year by a 70-28 vote as part of the FY 2000 agriculture appropriations bill but was removed in conference. [Note: During the appropriations committee markup of S. 2536, the FY 2001 agriculture appropriations bill, Senator Byrd objected to the expedited procedure language spelled out in the bill because he said expedited procedures already existing in public laws could be referenced. He offered a substitute, which was accepted, to strike the new procedural rules but to allow expedited consideration of prospectively proposed sanctions under expedited rules already in a public law. [It is expected such public-law references will be established in a manager's amendment or in conference.] The following is an explanation of the amendment provided by the staff of Senator Ashcroft:

**Effect on Current Sanctions:** If the bill is passed, the President and Congress would have 180 days to review the currently sanctioned countries. If the President and Congress do not reinstate sanctions against currently sanctioned countries within 180 days through the procedures in the bill, the sanctions against agriculture and medicine will be lifted (to the extent outlined below).

### **Sales that would be allowed:**

- U.S. exporters may sell to all foreign buyers in the private sector without any licensing requirement.
- U.S. exporters may use U.S. government credit guarantees and available federal export assistance to sell to a private sector buyer in a prospectively sanctioned country.
- U.S. exporters may also sell to all government entities on a commercial basis.

### **Specific Provisions to Promote U.S. National Security:**

- U.S. exporters may sell to foreign governments, but if the sales are to governments of state sponsors of terrorism, food and feed exports can be approved under a general license, and all other items are under a one-year renewable license. Note that the Administration will



not have the authority to make the licensing process for food, food products, and feed more restrictive than a general license, i.e., a specific license (case-by-case) will not be allowed. On all other items, such as medicine and equipment, the Administration will have the discretion as to whether it will allow general licenses or require specific licenses.

- Credit guarantees can never be available for exports to governments of terrorist nations. Such exports have to be made on a commercial basis.
- The bill does not lift restrictions on exports of products that are dual use or that are used to develop chemical or biological weapons, or weapons of mass destruction.
- If the U.S. is in war, hostilities, or imminent hostilities, the legislation maintains the President's authority to cut off all food and medicine sales immediately without Congressional consideration.
- If there is any other instance in which the President wants to use food or medicine in a sanctions regime, he may do so. However, he must first obtain Congressional consent under expedited procedures.

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## **ADMINISTRATION POSITION**

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No official Administration position was available at press time, but one was anticipated.

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## **POSSIBLE AMENDMENTS**

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- Unknown. Point of order against the Food and Medicine for the World Act or motion to strike the language.
- Hollings. Strike the provision that would repeal a provision in law allowing the Justice Department to draw funds from governmental agencies represented in the action. [Note that Senator Hollings offered this motion during markup and it failed 11-14 along party lines. See page 8 of this Notice.]
- Edwards. Appropriate \$1.5 million to the Department of Defense for the Army Corps of Engineers to do a feasibility study to reduce flood hazards in the small town of Princeville, North Carolina, which was devastated by Hurricane Floyd.
- Murray. Increase the cap on the Market Access Program (MAP).

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# Agriculture Appropriations, FY 2001

(in thousands of dollars, unless otherwise indicated)  
(Only selected programs listed)

<u>Appropriation Account</u>	<u>FY 2000 Level</u>	<u>President's Request</u>	<u>Senate Committee</u>
<b>Agriculture Programs</b>			
Agricultural Research Service	882,884	933,558	927,923
Cooperative State Research, Educ., Extension	945,596	965,295	964,789
Animal and Plant Inspection	442,968	517,644	468,019
Food Safety & Inspection	649,119	688,204	678,011
Crop Insurance Corp. Fund	710,857	1,727,671	1,727,671
Commodity Credit Corp. (CCC)	30,037,136	27,771,007	27,771,007
Agricultural Credit Insur. Fund	296,167	455,008	376,419
<i>Loan authorization</i>	<i>(3,083,292)</i>	<i>(4,557,938)</i>	<i>(3,083,243)</i>
Farm Service Agency	1,094,011	1,287,843	1,208,254
<b>Subtotal (total, Title I)</b>	<b>35,436,305</b>	<b>34,740,299</b>	<b>34,506,850</b>
 <b>Conservation Programs</b>			
Natural Resources Conservation Service	803,465	877,299	866,854
<b>Subtotal (total, Title II)</b>	<b>804,158</b>	<b>878,010</b>	<b>867,565</b>
 <b>Rural Development Programs</b>			
Rural Housing Service	1,331,990	1,536,261	1,481,262
<i>Loan authorization</i>	<i>(4,589,373)</i>	<i>(5,385,009)</i>	<i>(4,564,372)</i>
Rural Business-Cooperative Service	54,017	56,885	33,027
<i>Loan authorization</i>	<i>(53,256)</i>	<i>(79,495)</i>	<i>(53,256)</i>
Rural Utilities Service	107,275	100,946	107,680
<i>Loan authorization</i>	<i>(2,986,500)</i>	<i>(2,620,000)</i>	<i>(3,686,500)</i>
<b>Subtotal (total, Title III)</b>	<b>2,187,507</b>	<b>2,587,610</b>	<b>2,502,229</b>
<i>Loan authorization</i>	<i>(7,629,129)</i>	<i>(8,084,504)</i>	<i>(8,304,128)</i>
 <b>Domestic Food Programs</b>			
Food stamp program	21,071,751	22,131,993	21,221,293
Child nutrition programs	9,554,028	9,546,056	9,541,539
Women, Infants, and Children	4,032,000	4,148,100	4,052,000
<b>Subtotal (total, Title IV)</b>	<b>35,044,106</b>	<b>36,264,658</b>	<b>35,213,590</b>
 <b>International Programs</b>			
PL 480 (Food for Peace)	942,663	973,358	973,358
<i>Program Level</i>	<i>(945,298)</i>	<i>(996,678)</i>	<i>(996,678)</i>
CCC export loan	3,820	3,820	3,820
<b>Subtotal (total, Title V)</b>	<b>1,055,669</b>	<b>1,090,765</b>	<b>1,090,602</b>
 <b>Related Agencies</b>			
Food and Drug Administration	1,049,011	1,211,255	1,098,873
<b>Subtotal (total, Title VI)</b>	<b>1,112,011</b>	<b>1,283,255</b>	<b>1,165,973</b>
 <b>GRAND TOTAL</b>			
New budget authority	84,312,546*	76,844,597	75,346,809
<i>Loan Authorizations</i>	<i>(10,712,421)</i>	<i>(12,642,442)</i>	<i>(11,387,371)</i>

\*This figure includes \$8.67 billion in emergency appropriations.

# Fiscal Year 2000 Supplemental in the FY 2001 Agriculture Appropriations bill

[in thousands of dollars]  
[selected items only]

	<u>President's Request</u>	<u>Committee Recommendation</u>
Rural community advancement program	0	130,000
Rural Utilities Service		
Loan Authorization: Direct 5% Electric Loan	0	113,250
Total, Department of Agriculture	42,472	212,472
CCC Marketing associations loan forgiveness (sec. 1104)	81,000	81,000
CCC Dairy Assistance (sec. 1106)	0	443,000
CCC Disease loss compensation (sec. 1107)	0	58,000
CCC Livestock assistance program (sec. 1109)	0	450,000
 Total, Corps of Engineers - Civil	 27,275	 49,500
Bureau of Land Management		
Wildlife fire management	100,000	100,000
Department of Health and Human Services		
Low income home energy assistance	600,000	600,000
Bureau of Alcohol, Tobacco and Firearms	0	93,751
Department of Energy		
Uranium enrichment decontamination	16,000	58,000
Social Security Administration		
Limitation on administrative expenses: Trust funds	35,000	50,000
Federal Housing Administration		
General and special risk program account	49,000	49,000
National Aeronautics and Space Administration	0	46,000
Section 2806 (CALEA) [re. 47 U.S.C. 1008]	0	100,000
 Grand total, all titles:		
New budget (obligational) authority (net)	836,918	2,157,908
Rescissions	(-145,000)	(-293,846)
Offsets (emergency appropriations)	(-500,756)	(-361,935)